

**BOARD OF ACCOUNTANCY
MEETING MINUTES**

Meeting Date: May 20, 2014
Meeting Location: Androscoggin Room, Gardiner, Maine
Time Meeting Began: 8:05 a.m.

CALL TO ORDER AND INTRODUCTIONS

Chairman Tracy Harding called the meeting to order.

The following members were present:

Tracy Harding
Carl Chatto
Michael Nickerson
Geoffrey Gattis

The following members were absent: Brian Perkins

The following staff was present: Catherine Carroll, Board Administrator
Michelle Lovering, Board Clerk

AAG Present: Robert Perkins

NEW BUSINESS

A. Action on Board Minutes of the January 14, 2014 Meeting

Carl Chatto identified a typographical error in the "Note" section in item "KMPG LLP" of the minutes. The note should read: *"Note: Carl Chatto stated that he could review this case with objectivity, but chose to recuse from the discussion due to his involvement with KPMG even though his involvement with KPMG took place long before the events in this case."*

A motion was made to accept the minutes by replacing the word 'after' with 'before'.

Motion: Geoffrey Gattis
Second: Michael Nickerson
Unanimous

B. C.H. Dorr & Company P.A. – FM10000068 – Request for Firm License Renewal

As requested by the Board, C.H. Dorr & Company P.A. submitted (1) a copy of the letter from NEPR granting an extension to complete its peer review; (2) proof that the firm sent their compliance documentation to NEPR for review and acceptance; and (3) documentation from NEPR that the firm completed the agreement.

Upon review of these materials, a motion was made to approve the firm's license renewal.

Motion: Michael Nickerson
Second: Carl Chatto
Unanimous

C. BDO USA, LLP – FMF10000980 – Request for Firm License Renewal

As requested by the Board BDO USA, LLP submitted: (1) a copy of the disciplinary action documents from Vermont and Utah; (2) a copy of the deferred prosecution agreement; (3) a copy of the motion of dismissal of charges document; and (4) a representation that there were no tax shelters marketed in the State of Maine.

Upon review of these materials a motion was made to approve the firm's license renewal.

Motion: Carl Chatto
Second: Michael Nickerson
Unanimous

D. KPMG LLP – FM10000911 – Request for Firm License Renewal

As requested by the Board KPMG LLP submitted: (1) a copy of the settlement agreement; (2) a representation that there were not tax shelters marketed in the State of Maine; and (3) copies of the 2011 and 2012 renewal reports.

Upon review of these materials, a motion was made to approve the firm's license renewal.

Motion: Michael Nickerson
Second: Geoffrey Gattis
Recusal: Carl Chatto
Motion carried

At the conclusion of the Board's review of the aforementioned firm renewal applications the members discussed the fact that the initial application for a firm license does not request information from the applicant regarding disciplinary actions on other licenses. While the renewal application asks for past disciplinary actions, the initial application should contain language that asks for this information.

APPLICATIONS FOR INITIAL LICENSES

A. William S. Korth – Request for CPA license under the provisions of Chapter 5, Section 4 (C) and (C-1)

The Board reviewed the work experience of Mr. Korth under their rules in Chapter 5. Specifically, the criteria in subsection 4, C. "Notwithstanding subsection B hereof, the Board may recognize non-public accounting experience that it determines to be substantially equivalent to the experience required by this Section. C-1. In evaluating the acceptability of experience for licensure, the Board may consider the complexity and diversity of the work performed by the applicant, and the skill and knowledge of the applicant as evidenced by the work performed."

The Board concluded that additional information would further assist them in determining whether Mr. Korth's work experience meets the requirements set forth in Chapter 5, subsection 4 (C) and (C-1).

A motion was made to have Mr. Korth provide details on his experience on the "issuance of reports on financial statements" as required by MRSA Title 32 Chapter 113 Subchapter 3 Section 12228 Subsection 10 and elaborate on the degree and closeness of supervision his supervising CPA had on his work products related to issuance of financial statements.

Motion: Carl Chatto
Second: Michael Nickerson
Unanimous

B. KPMG, LLP – Request for Branch license – Disclosure of Disciplinary Action

In their application, KPMG disclosed disciplinary action on their license in other jurisdictions outside of Maine. (See KPMG, LLP FM 10000911). While the Board authorized staff to issue a license they inquired as to whether a branch license is appropriate and whether a firm license is necessary if KPMG, LLP already has a firm license; and requested staff to look into this.

COMPLAINT PRESENTATIONS

A. 2014-ACC-9793

The complaint related to a licensee preparing a 2012 tax return for the complainant and a separate return for the complainant's spouse. The Board requested additional information before acting on the complaint.

A motion was made to request from the licensee copies of all fully or partially prepared federal and state tax returns of the complainant, any documents relating to any communications to or from the complainant relating to the licensee agreeing to prepare these returns or attempting to prepare these returns; and copies of all notes, research, information, memoranda, emails relating to the preparation of these tax returns by the complainant.

Motion: Geoffrey Gattis
Second: Carl Chatto
Recused: Michael Nickerson
Motion carried

B. 2010-ACC-6571

The respondent has failed to comply with a consent agreement. A motion was made to schedule for an adjudicatory hearing on the non-compliance of the consent agreement.

Motion: Geoffrey Gattis
Second: Carl Chatto
Recused: Michael Nickerson
Motion carried

Additionally, the respondent submitted a request to renew a license on December 29, 2013. A motion was made to preliminarily deny the renewal application because the previously mentioned consent agreement has not been complied with.

Motion: Geoffrey Gattis
Second: Carl Chatto
Recused: Michael Nickerson
Motion carried

C. 2013-ACC-9266

This complaint relates to an alleged misappropriation of funds and unacceptable reporting for a conservatorship.

A motion was made to schedule an adjudicatory hearing on the complaint.

Motion: Geoffrey Gattis
Second: Carl Chatto
Abstain: Michael Nickerson
Motion carried.

D. 2014-ACC-9740

The complainant requested to withdraw its complaint. A motion was made to dismiss the complaint.

Motion: Carl Chatto
Second: Geoffrey Gattis
Abstain: Michael Nickerson
Motion carried.

ADMINISTRATOR'S REPORT

Catherine Carroll reminded the Board members of the upcoming NASBA Annual and Regional meetings to be held in November and June, respectively; and to let her know if anyone is interested in attending on behalf of the Board.

Catherine reported on the CPE audit in which 10% of the licensee pool were randomly selected and asked to provide CPE documentation for the period from October 1, 2012 through September 30, 2013. While the results of the audit are still under review, to date, 153 licensees out of 188 audited have demonstrated to satisfactorily complete the required 40 hours of CPEs.

Catherine reviewed the interpretation of 12280(1) "contingency fees" because she received an inquiry from an individual about paying contingency fees. The Board suggested referring the individual to the provision addressing contingency fees, which should be self-explanatory.

OTHER BUSINESS

A. 2012-ACC-7971 – Update on Compliance with Decision and Order

The respondent failed to comply with the Decision and Order issued by the Board. The licensee paid the fine late and was still misrepresenting himself as a CPA on his website.

A motion was made to schedule an adjudicatory hearing, as well as, offer a Consent Agreement to resolve the matter upon compliance with the terms of the agreement.

Motion: Michael Nickerson
Second: Geoffrey Gattis
Unanimous

B. Review of AICPA Guidance on Recall of Peer Review Documents

This correspondence related to firms failing to properly include an employee benefit plan (EBP) audit was distributed to the Board members for informational purposes.

C. Review of Letter from NASBA on International Education

This letter was distributed to the Board members for informational purposes. NASBA confirmed in the letter the applicants for CPA examination cannot use Professional Education Papers, Examinations and/or membership in a Professional Association as acceptable coursework or Professional Education as equivalent to bachelor degrees from regionally accredited institutions of higher learning if the degree was based upon passage of credentialing tests.

D. Chairman Tracy Harding discussed the following:

- possible statutory change to the definition of “attest” under the definition of “defined services”. Tracy will submit a letter to Commissioner Anne Head explaining the proposal;
- how are the results of a peer review of firms processed and what kind of action is taken on the outcome of a firm receiving a “pass”, “fail” or “pass with deficiencies” rating. What are the circumstances of firms being terminated from peer review and what does the Board do with those that fail to comply with Chapter 6 of the rules. The board requested that staff invite NEPR to give its view on peer review and to what extent does it becomes a regulatory matter;
- “firm mobility” allows one to practice in Maine without the need for a Maine license. The Board will continue to monitor the progress of this issue to see if any further action will be needed by the Board, and
- Tracy will be speaking to the Maine Society of CPAs at their next meeting.

Adjournment

The meeting adjourned at 2:10 p.m.

Respectfully submitted,

Michelle Lovering
Board Clerk